

Southwest Arkansas Telephone Cooperative, Inc.

Response to Lines 600-610 - Ability to Function in Emergency Situations

Southwest Arkansas Telephone Cooperative, Inc. ("Company") hereby certifies that it is able to function in emergency situations as set forth in the Code of Federal Regulations, Title 47, Part 54, Subpart C, §54.202(a)(2)¹, the Arkansas Public Service Commission Telecommunication Provider Rules, and the Texas Administrative Code. The Company's network is designed to remain functional in emergency situations without an external power source, is able to reroute traffic around damaged facilities, and is capable of managing traffic spikes resulting from emergency situations as required by Section 54.202(a)(2). The Company can change call routing translations as needed to reroute traffic around damaged facilities. Changing call routing translations also allows the Company to manage traffic spikes throughout its network, as emergency situations require.

Specifically, the Company is able to function under emergency operations in accordance with Arkansas Service Commission Telecommunication Rules §8 *General Service Standards*, §10 *Maintenance*, and §11 *Quality Standards* which include obligations for continuity of service and emergency operations planning and service provision capability for dominant carriers. Any central office without a permanently installed emergency power system shall be wired to permit connection of a mobile emergency power unit, and there shall be a mobile emergency power unit available for connection on short notice with minimum travel time. Furthermore in section 11.06.B, each central office shall be equipped with a battery reserve sufficient to sustain

¹ Section 54.202(a)(2) requires ETCs that are designated by the Commission to "demonstrate its ability to remain functional in emergency situations, including a demonstration that it has a reasonable amount of back-up power to ensure functionality without an external power source, is able to reroute traffic around damaged facilities, and is capable of managing traffic spikes resulting from emergency situations."

operation until emergency power can be connected. In Texas, the Company functions under emergency operations in accordance with Public Utility Commission of Texas Substantive Rules §26.51 *Reliability of Operations of Telecommunications Providers* and §26.52 *Emergency Operations* which include obligations for continuity of service and emergency operations planning and service provision capability for dominant carriers. Any central office not equipped with permanently installed standby generators contains as a minimum four hours of battery reserve without voltage falling below the level required for proper operation of all equipment. In addition, all central offices without installed emergency power facilities have a mobile power unit available which can be delivered and connected on short notice.

Furthermore, Southwest Arkansas Telephone Cooperative, Inc. hereby certifies it will apply the same standards as they relate to the ability to function in emergency situations that it currently applies to Voice service to Broadband services also, as is applicable to 47CFR

54.313.(a)(6)

Southwest Arkansas Telephone Cooperative, Inc.

Response to Lines 1000 - Voice Service Rate Comparability

Southwest Arkansas Telephone Cooperative, Inc. ("Company") hereby certifies it does not provide voice rates that are above two standard deviations above the national average urban rate, as set forth in the Code of Federal Regulations, Title 47, Part 54, Subpart C, §54.313(a)(10). Company determined this by comparing its rates to the National Average Urban Rate, which was recently released by the FCC. The rate of the Company is below the National Average Urban Rate and therefore the 2 standard deviations calculation does not apply.

Southwest Arkansas Telephone Cooperative, Inc.

Response to Lines 1030 - Broadband Service Rate Comparability

Southwest Arkansas Telephone Cooperative, Inc. ("Company") hereby certifies it provides Broadband rates that are no more than the most recent applicable benchmark, as established by the Wireline Competition Bureau. Company determined this by comparing its rates Wireline Competition Bureau, which was recently released by the FCC.

Southwest Arkansas Telephone Cooperative, Inc.

Response to Lines 3010 – Milestone Certification

Southwest Arkansas Telephone Cooperative, Inc. (“Company”) hereby certifies that they have taken reasonable steps to provide upon reasonable request broadband service at actual speeds, as required, with latency suitable for real-time applications, including Voice over Internet Protocol, and usage capacity that is reasonable comparable to comparable offerings in urban areas, and that requests for such service are met within a reasonable amount of time as set forth in the Code of Federal Regulations, Title 47, Part 54, Subpart C, §54.313(f)(1)(i).

USDA-RUS OPERATING REPORT FOR TELECOMMUNICATIONS BORROWERS		<i>This data will be used by RUS to review your financial situation. Your response is required by 7 U.S.C. 901 et seq. and, subject to federal law and regulations regarding confidential information, will be treated as confidential.</i> BORROWER NAME Southwest Arkansas Telephone Cooperative, Inc. (Prepared with Audited Data)	
INSTRUCTIONS- Submit report to RUS within 30 days after close of the period. For detailed instructions, see RUS Bulletin 1744-2. Report in whole dollars only.		PERIOD ENDING December, 2016	BORROWER DESIGNATION AR0514
CERTIFICATION We hereby certify that the entries in this report are in accordance with the accounts and other records of the system and reflect the status of the system to the best of our knowledge and belief. ALL INSURANCE REQUIRED BY 7 CFR PART 1788, CHAPTER XVII, RUS, WAS IN FORCE DURING THE REPORTING PERIOD AND RENEWALS HAVE BEEN OBTAINED FOR ALL POLICIES. DURING THE PERIOD COVERED BY THIS REPORT PURSUANT TO PART 1788 OF 7CFR CHAPTER XVII (Check one of the following)			
<input checked="" type="checkbox"/> All of the obligations under the RUS loan documents have been fulfilled in all material respects		<input type="checkbox"/> There has been a default in the fulfillment of the obligations under the RUS loan documents. Said default(s) is/are specifically described in the Telecom Operating Report	
William Hegmann		3/15/2017 DATE	
PART A. BALANCE SHEET			
ASSETS	BALANCE PRIOR YEAR	BALANCE END OF PERIOD	LIABILITIES AND STOCKHOLDERS' EQUITY
CURRENT ASSETS			CURRENT LIABILITIES
1. Cash and Equivalents			25. Accounts Payable
2. Cash-RUS Construction Fund			26. Notes Payable
3. Affiliates:			27. Advance Billings and Payments
a. Telecom, Accounts Receivable			28. Customer Deposits
b. Other Accounts Receivable			29. Current Mat. L/T Debt
c. Notes Receivable			30. Current Mat. L/T Debt-Rur. Dev.
4. Non-Affiliates:			31. Current Mat.-Capital Leases
a. Telecom, Accounts Receivable			32. Income Taxes Accrued
b. Other Accounts Receivable			33. Other Taxes Accrued
c. Notes Receivable			34. Other Current Liabilities
5. Interest and Dividends Receivable			35. Total Current Liabilities (25 thru 34)
6. Material-Regulated			LONG-TERM DEBT
7. Material-Nonregulated			36. Funded Debt-RUS Notes
8. Prepayments			37. Funded Debt-RTB Notes
9. Other Current Assets			38. Funded Debt-FFB Notes
10. Total Current Assets (1 Thru 9)			39. Funded Debt-Other
NONCURRENT ASSETS			40. Funded Debt-Rural Develop. Loan
11. Investment in Affiliated Companies			41. Premium (Discount) on L/T Debt
a. Rural Development			42. Recquired Debt
b. Nonrural Development			43. Obligations Under Capital Lease
12. Other Investments			44. Adv. From Affiliated Companies
a. Rural Development			45. Other Long-Term Debt
b. Nonrural Development			46. Total Long-Term Debt (36 thru 45)
13. Nonregulated Investments			OTHER LIAB. & DEF. CREDITS
14. Other Noncurrent Assets			47. Other Long-Term Liabilities
15. Deferred Charges			48. Other Deferred Credits
16. Jurisdictional Differences			49. Other Jurisdictional Differences
17. Total Noncurrent Assets (11 thru 16)			50. Total Other Liabilities and Deferred Credits (47 thru 49)
PLANT, PROPERTY, AND EQUIPMENT			EQUITY
18. Telecom, Plant-In-Service			51. Cap. Stock Outstand & Subscribed
19. Property Held for Future Use			52. Additional Paid-in-Capital
20. Plant Under Construction			53. Treasury Stock
21. Plant Adj., Nonop. Plant & Goodwill			54. Membership and Cap. Certificates
22. Less Accumulated Depreciation			55. Other Capital
23. Net Plant (18 thru 21 less 22)			56. Patronage Capital Credits
24. TOTAL ASSETS (10+17+23)			57. Retained Earnings or Margins
			58. Total Equity (51 thru 57)
			59. TOTAL LIABILITIES AND EQUITY (35+46+50+58)

Total Equity =

USDA-RUS OPERATING REPORT FOR TELECOMMUNICATIONS BORROWERS		BORROWER DESIGNATION AR0514	
INSTRUCTIONS- See RUS Bulletin 1744-2		PERIOD ENDING December, 2016	
PART B. STATEMENTS OF INCOME AND RETAINED EARNINGS OR MARGINS			
ITEM		PRIOR YEAR	THIS YEAR
1. Local Network Services Revenues			
2. Network Access Services Revenues			
3. Long Distance Network Services Revenues			
4. Carrier Billing and Collection Revenues			
5. Miscellaneous Revenues			
6. Uncollectible Revenues			
7. Net Operating Revenues (1 thru 5 less 6)			
8. Plant Specific Operations Expense			
9. Plant Nonspecific Operations Expense (Excluding Depreciation & Amortization)			
10. Depreciation Expense			
11. Amortization Expense			
12. Customer Operations Expense			
13. Corporate Operations Expense			
14. Total Operating Expenses (8 thru 13)			
15. Operating Income or Margins (7 less 14)			
16. Other Operating Income and Expenses			
17. State and Local Taxes			
18. Federal Income Taxes			
19. Other Taxes			
20. Total Operating Taxes (17+18+19)			
21. Net Operating Income or Margins (15+16-20)			
22. Interest on Funded Debt			
23. Interest Expense - Capital Leases			
24. Other Interest Expense			
25. Allowance for Funds Used During Construction			
26. Total Fixed Charges (22+23+24-25)			
27. Nonoperating Net Income			
28. Extraordinary Items			
29. Jurisdictional Differences			
30. Nonregulated Net Income			
31. Total Net Income or Margins (21+27+28+29+30-26)			
32. Total Taxes Based on Income			
33. Retained Earnings or Margins Beginning-of-Year			
34. Miscellaneous Credits Year-to-Date			
35. Dividends Declared (Common)			
36. Dividends Declared (Preferred)			
37. Other Debits Year-to-Date			
38. Transfers to Patronage Capital			
39. Retained Earnings or Margins End-of-Period [(31+33+34) - (35+36+37+38)]			
40. Patronage Capital Beginning-of-Year			
41. Transfers to Patronage Capital			
42. Patronage Capital Credits Retired			
43. Patronage Capital End-of-Year (40+41-42)			
44. Annual Debt Service Payments			
45. Cash Ratio [(14+20-10-11) / 7]			
46. Operating Accrual Ratio [(14+20+26) / 7]			
47. TIER [(31+26) / 26]			
48. DSCR [(31+26+10+11) / 44]			

USDA-RUS

OPERATING REPORT FOR TELECOMMUNICATIONS BORROWERS

INSTRUCTIONS - See RUS Bulletin 1744-2

BORROWER DESIGNATION

AR0514

PERIOD ENDED

December, 2016

Part C. SUBSCRIBER (ACCESS LINE), ROUTE MILE, & HIGH SPEED DATA INFORMATION

EXCHANGE	1. RATES		2. SUBSCRIBERS (ACCESS LINES)			3. ROUTE MILES	
	B-1 (a)	R-1 (b)	BUSINESS (a)	RESIDENTIAL (b)	TOTAL (c)	TOTAL (including fiber) (a)	FIBER (b)
Bloomburg							
Doddridge							
Emerson							
Fouke							
Fulton							
Garland							
Trigg							
Washington							
MobileWireless							
Route Mileage Outside Exchange Area							
Total							
No. Exchanges							
	8						

USDA-RUS OPERATING REPORT FOR TELECOMMUNICATIONS BORROWERS		BORROWER DESIGNATION AR0514			
		PERIOD ENDING December, 2016			
INSTRUCTIONS- See RUS Bulletin 1744-2					
PART D. SYSTEM DATA					
1. No. Plant Employees [REDACTED]					
PART E. TOLL DATA					
1. Study Area ID Code(s) a. 401704 b. _____ c. _____ d. _____ e. _____ f. _____ g. _____ h. _____ i. _____ j. _____		2. Types of Toll Settlements (Check one) <div style="display: flex; justify-content: space-between;"> <div> Interstate: <input type="checkbox"/> Average Schedule Intrastate: <input type="checkbox"/> Average Schedule </div> <div> <input checked="" type="checkbox"/> Cost Basis <input checked="" type="checkbox"/> Cost Basis </div> </div>			
PART F. FUNDS INVESTED IN PLANT DURING YEAR					
1. RUS, RTB, & FFB Loan Funds Expended		[REDACTED]			
2. Other Long-Term Loan Funds Expended					
3. Funds Expended Under RUS Interim Approval					
4. Other Short-Term Loan Funds Expended					
5. General Funds Expended (Other than Interim)					
6. Salvaged Materials					
7. Contribution in Aid to Construction					
8. Gross Additions to Telecom. Plant (1 thru 7)					
PART G. INVESTMENTS IN AFFILIATED COMPANIES					
INVESTMENTS (a)	CURRENT YEAR DATA		CUMULATIVE DATA		
	Investment This Year	Income/Loss This Year	Cumulative Investment To Date	Cumulative Income/Loss To Date	Current Balance
	(b)	(c)	(d)	(e)	(f)
1. Investment in Affiliated Companies - Rural Development		[REDACTED]			
2. Investment in Affiliated Companies - Nonrural Development					

USDA-RUS
OPERATING REPORT FOR
TELECOMMUNICATIONS BORROWERS

BORROWER DESIGNATION

AR0514

PERIOD ENDING

December, 2016

PART H. CURRENT DEPRECIATION RATES

Are corporation's depreciation rates approved by the regulatory authority with jurisdiction over the provision of telephone services? (Check one)

☐

YES

☒

NO

EQUIPMENT CATEGORY	DEPRECIATION RATE
1. Land and support assets - Motor Vehicles	
2. Land and support assets - Aircraft	
3. Land and support assets - Special purpose vehicles	
4. Land and support assets - Garage and other work equipment	
5. Land and support assets - Buildings	
6. Land and support assets - Furniture and Office equipment	
7. Land and support assets - General purpose computers	
8. Central Office Switching - Digital	
9. Central Office Switching - Analog & Electro-mechanical	
10. Central Office Switching - Operator Systems	
11. Central Office Transmission - Radio Systems	
12. Central Office Transmission - Circuit equipment	
13. Information origination/termination - Station apparatus	
14. Information origination/termination - Customer premises wiring	
15. Information origination/termination - Large private branch exchanges	
16. Information origination/termination - Public telephone terminal equipment	
17. Information origination/termination - Other terminal equipment	
18. Cable and wire facilities - Poles	
19. Cable and wire facilities - Aerial cable - Metal	
20. Cable and wire facilities - Aerial cable - Fiber	
21. Cable and wire facilities - Underground cable - Metal	
22. Cable and wire facilities - Underground cable - Fiber	
23. Cable and wire facilities - Buried cable - Metal	
24. Cable and wire facilities - Buried cable - Fiber	
25. Cable and wire facilities - Conduit systems	
26. Cable and wire facilities - Other	

USDA-RUS		BORROWER DESIGNATION	
OPERATING REPORT FOR TELECOMMUNICATIONS BORROWERS		AR0514	
		PERIOD ENDED December, 2016	
INSTRUCTIONS - See help in the online application.			
PART I - STATEMENT OF CASH FLOWS			
1. Beginning Cash (Cash and Equivalents plus RUS Construction Fund)			
CASH FLOWS FROM OPERATING ACTIVITIES			
2. Net Income			
<i>Adjustments to Reconcile Net Income to Net Cash Provided by Operating Activities</i>			
3. Add: Depreciation			
4. Add: Amortization			
5. Other (Explain) Retirements			
<i>Changes in Operating Assets and Liabilities</i>			
6. Decrease/(Increase) in Accounts Receivable			
7. Decrease/(Increase) in Materials and Inventory			
8. Decrease/(Increase) in Prepayments and Deferred Charges			
9. Decrease/(Increase) in Other Current Assets			
10. Increase/(Decrease) in Accounts Payable			
11. Increase/(Decrease) in Advance Billings & Payments			
12. Increase/(Decrease) in Other Current Liabilities			
13. Net Cash Provided/(Used) by Operations			
CASH FLOWS FROM FINANCING ACTIVITIES			
14. Decrease/(Increase) in Notes Receivable			
15. Increase/(Decrease) in Notes Payable			
16. Increase/(Decrease) in Customer Deposits			
17. Net Increase/(Decrease) in Long Term Debt (Including Current Maturities)			
18. Increase/(Decrease) in Other Liabilities & Deferred Credits			
19. Increase/(Decrease) in Capital Stock, Paid-in Capital, Membership and Capital Certificates & Other Capital			
20. Less: Payment of Dividends			
21. Less: Patronage Capital Credits Retired			
22. Other (Explain) Interest Receivable			
23. Net Cash Provided/(Used) by Financing Activities			
CASH FLOWS FROM INVESTING ACTIVITIES			
24. Net Capital Expenditures (Property, Plant & Equipment)			
25. Other Long-Term Investments			
26. Other Noncurrent Assets & Jurisdictional Differences			
27. Other (Explain) Prior Period Adjustments			
28. Net Cash Provided/(Used) by Investing Activities			
29. Net Increase/(Decrease) in Cash			
30. Ending Cash			

Revision Date 2010

USDA-RUS	BORROWER DESIGNATION
OPERATING REPORT FOR TELECOMMUNICATIONS BORROWERS	AR0514
INSTRUCTIONS - See RUS Bulletin 1744-2	PERIOD ENDED December, 2016
NOTES TO THE OPERATING REPORT FOR TELECOMMUNICATIONS BORROWERS	

USDA-RUS	BORROWER DESIGNATION
OPERATING REPORT FOR TELECOMMUNICATIONS BORROWERS	AR0514
INSTRUCTIONS - See RUS Bulletin 1744-2	PERIOD ENDED December, 2016
CERTIFICATION LOAN DEFAULT NOTES TO THE OPERATING REPORT FOR TELECOMMUNICATIONS BORROWERS	

ARKANSAS PUBLIC SERVICE COMMISSION

Second Revised Sheet No. 6

Southwest Arkansas Telephone Cooperative, Inc.

Kind of Service: Telecommunications

Class of Service: All

Schedule No.: 1

Title: **PRELIMINARY STATEMENT**

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SCHEDULE No. 1

PRELIMINARY STATEMENT (continued)

NUMERICAL LIST OF SCHEDULES (continued)

<u>Schedule Number</u>	<u>Title</u>
20	Reserved
21	Reserved
22	Touch Calling Service
23	Fire Reporting Service
24	Service Connection & Move and Change Charges
24-A	Lifeline Program
25	Line Extension Charges
26	Toll Telephone Service & WATS Service
27	Private Line Services and Channels
28	Reserved
29	Connection with and Forwarding of Information from an End Office to Universal Emergency Number Service (911) System

Ark. PSC Approval Stamp

ARKANSAS PUBLIC SERVICE COMMISSION

Sch 24-A

Sheet No. 9

Southwest Arkansas Telephone Cooperative, Inc.
Name of Company

Schedule No.: 24

Title: LIFELINE PROGRAM

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SCHEDULE 24-A

2. FEDERAL LIFELINE PROGRAM

2.1 GENERAL

- 2.1.1 A qualifying low-income customer subscribing to designated federal Lifeline Program Services, as outlined below, is eligible to receive federal reductions to either his/her monthly tariffed residential local exchange access line rate and federal subscriber line charge or his/her monthly retail rate for an eligible broadband service. The qualifying low-income customer can only receive one federal discount on one service option.
- 2.1.2 Nothing in this section shall prohibit a customer who is otherwise eligible for the federal Lifeline Program from obtaining and using telecommunications equipment and services designed to aid such customer in utilizing qualifying telecommunications service.
- 2.1.3 The federal Lifeline Program rate reductions do not apply to service connection charges; except that customers eligible for the Tribal Link Up Program will receive a 100% reduction, up to \$100.00, on applicable service connection charges, as provided in Schedule No. 24 of this tariff.
- 2.1.4 The Company may not disconnect the service of a federal Lifeline Program customer for the non-payment of toll charges unless the Company has received a waiver from the Commission allowing disconnection of service for this reason.
- 2.1.5 Upon subscribing to the federal Lifeline Program, a customer will be offered a subscription, at no charge, to toll blocking service (in exchanges where technically available) which denies the customer access to the long distance telecommunications network; however, the customer is under no obligation to accept the subscription to toll blocking.
- 2.1.6 The Company will waive number portability charges, subject to the tariff, for the Lifeline customer.

ARKANSAS PUBLIC SERVICE COMMISSION

Sch 24-A

Sheet No. 10

Southwest Arkansas Telephone Cooperative, Inc.
Name of Company

Schedule No.: 24

Title: LIFELINE PROGRAM

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SCHEDULE 24-A

2.1.7 The federal Lifeline Program rate reductions will only be issued on a going-forward basis and will not be available on a retroactive basis except as directed by LIDA (Texas only) or the Commission.

2.1.8 Partial payments made by Lifeline customers will be applied first toward charges for local service.

2.2 DESIGNATED FEDERAL LIFELINE PROGRAM SERVICE

2.2.1 The Company shall offer the voice telephony service and broadband service defined to be qualified, or designated, federal Lifeline Program service as enumerated in 47 Code of Federal Regulations §54.101(a)(1) and (2) (relating to Supported Services for Rural, Insular and High Cost Areas).

2.2.2 For voice service, the federal Lifeline Program rate reductions apply only to basic local exchange service and do not apply to non-basic services, regulated or non-regulated, such as long distance service or custom calling services. Customers may subscribe to these services, where available, at their discretion.

2.2.3 For broadband service, the federal Lifeline Program rate reductions apply to the monthly recurring retail rate for eligible broadband service provisioned by the Company or its affiliated Internet Service Provider.

2.2.4 All designated federal Lifeline Program services are subject to minimum service standards delineated in 47 Code of Federal Regulations §54.408.

ARKANSAS PUBLIC SERVICE COMMISSION

Sch 24-A

Sheet No. 11

Southwest Arkansas Telephone Cooperative, Inc.
Name of Company

Schedule No.: 24

Title: LIFELINE PROGRAM

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SCHEDULE 24-A

2.3 ELIGIBILITY REQUIREMENT

2.3.1 Qualifying Low-income (Eligible) Customer Criteria

The federal Lifeline Program rate reductions will be provided per eligible customer, limited to one discount per eligible household location. The applicant must certify that their annual household income is at or below 135% of the annual federal poverty guidelines, be an eligible resident of Tribal lands, or participate in, or have a person or child who resides in the customer household who participates in, a program identified in 47 Code of Federal Regulations § 54.409.

2.3.2 Obligations of the Customer

1. Texas - A current customer of the Company may be automatically enrolled in the federal Lifeline Program by their participation in the qualifying programs or they may self-enroll by contacting the Texas Low-Income Discount Administrator (LIDA).
2. A customer who is eligible for the federal Lifeline Program, but does not subscribe to a designated federal Lifeline Program service at the time of application, shall be responsible for initiating a request for a designated federal Lifeline Program service from the Company before any federal Lifeline Program discounts will be administered.

2.3.3 The LIDA or NLAD reviews the customer application received and determines if the customer meets the eligibility criteria for the federal Lifeline Program. In Texas, The LIDA shall provide a list of eligible customers to the Company on a monthly basis.

2.3.4 Federal Lifeline Program customers will lose their federal Lifeline Program eligibility once they cease to meet income criteria or cease to participate in one of the qualified programs. Customers will be notified by the LIDA or NLAD for loss of eligibility and an opportunity given to prove eligibility. Reduced billing under the federal Lifeline Program will be terminated if eligibility ceases.

ARKANSAS PUBLIC SERVICE COMMISSION

Sch 24-A

Sheet No. 12

Southwest Arkansas Telephone Cooperative, Inc.
Name of Company

Schedule No.: 24

Title: LIFELINE PROGRAM

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SCHEDULE 24-A

2.4 DEPOSIT AND CREDIT REQUIREMENTS

2.4.1 The Company shall be prohibited from charging a service deposit for Lifeline voice-only service plans in order to initiate the federal Lifeline Program if the eligible customer voluntarily elects to receive toll blocking.

2.4.2 The Company may charge a service deposit if:

1. The eligible customer denies subscription to toll blocking upon subscribing to the federal Lifeline Program.
2. The Company receives a waiver from having to provide toll blocking due to technical limitations.

2.4.3 In instances where the Company may require a service deposit, the same credit verification procedures and deposit regulations used for all applicants who apply for service with the Company are also applicable to eligible customers of the federal Lifeline Program.

2.5 SERVICE CONNECTION AND CHARGES

2.5.1 Service connection charges do not apply to eligible customers with existing, qualifying service converting to the federal Lifeline Program.

2.5.2 Service connection charges may apply when:

1. Existing eligible customers request additional non-qualifying services at the time federal Lifeline Program reduced billing is initiated, or anytime thereafter.
2. New customers (those without existing local exchange access service) eligible for the federal Lifeline Program first order a designated federal Lifeline Program service.
3. Existing eligible customers request any subsequent moves or changes to their service after the initial connection to the federal Lifeline Program.

ARKANSAS PUBLIC SERVICE COMMISSION

Sch 24-A

Sheet No. 13

Southwest Arkansas Telephone Cooperative, Inc.
Name of Company

Schedule No.: 24

Title: LIFELINE PROGRAM

EXHIBIT A 9-30

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SCHEDULE 24-A

2.5.3 In instances where service connection charges apply, customers qualifying for the federal Lifeline Program may qualify for the Tribal Link-Up Program and may be eligible to receive a reduction in the applicable service connection charges as provided in Schedule No. 24 of this tariff.

2.5.4 Applicable service connection charges for the Company are specified in Schedule No. 24 of this tariff.

2.6 FEDERAL LIFELINE PROGRAM RATE REDUCTION

The Company shall provide reduced billing for all federal Lifeline Program eligible customers within its service area after receipt of the list of eligible customers from the LIDA or NLAD. In instances where the customer makes direct inquiries regarding participation in the Lifeline program to the Company, the Company shall make every effort to assist the customer by explaining the necessary steps to become eligible to participate in the Lifeline Program and direct the customer to the LIDA or NLAD for completion of the required forms for eligibility certification.

2.6.1 If the eligible customer's existing voice or broadband service arrangements meet the federal Lifeline Program criteria, the Company shall provide reduced billing as indicated above.

2.6.2 If the eligible customer's existing voice or broadband service arrangements do not meet the federal Lifeline Program criteria, the Company shall:

1. advise the eligible customer by direct mail of the impending termination of his or her Lifeline service; and
2. allow a subscriber 30 days following the date of the impending termination letter required to demonstrate continued eligibility.
3. If the eligible customer chooses to make the necessary changes to their service arrangements, the eligible customer will receive reduced billing per the federal Lifeline Program at the time the change is effective or at the time new service is established.

2.6.3 If the Company charges a federal End User Common Line Charge (a.k.a. Federal Subscriber Line Charge), the federal Lifeline Program support amount must be applied to waive the federal End User Common Line Charge for federal Lifeline Program subscribers.

ARKANSAS PUBLIC SERVICE COMMISSION

Sch 24-A

Sheet No. 14

Southwest Arkansas Telephone Cooperative, Inc.
Name of Company

Schedule No.: 24

Title: LIFELINE PROGRAM

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SCHEDULE 24-A

2.7 FEDERAL LIFELINE PROGRAM SUPPORT AMOUNT

The Company shall apply federal Lifeline Program rate reductions, per eligible customer, as described below.

2.7.1 The Company shall grant federal support to qualifying low-income consumers up to \$9.25 per month, subject to the support amount directed by the Federal Communications Commission in 47 Code of Federal Regulations § 54.403 regarding Lifeline support amount.

2.7.2 The federal Lifeline Program discounts shall not result in a rate of less than zero charged for the customer's qualifying voice or broadband service.

2.7.3 Tribal Lands Support Amount (where applicable). Additional federal Lifeline support of up to \$25 per month will be made available to qualifying eligible residents of Tribal lands.

2.8 CONSUMER COMPLAINT RESOLUTION

2.8.1 General

2.8.1.1 The Federal Lifeline Program requires a consumer complaint resolution process. The Arkansas Public Service Commission has determined in Order No. 1 of Docket No. 05-038-U that any ETC, which maintains tariffs and is subject to the Public Service Commission's consumer complaint procedures, meet the dispute resolution requirements for Lifeline. This ETC is subject to the Public Service Commission's consumer complaint procedures and shall use the Public Service Commission's consumer complaint procedures to meet the dispute resolution requirements for Lifeline.

ARKANSAS PUBLIC SERVICE COMMISSION

Sch 24-A

Sheet No. 15

Southwest Arkansas Telephone Cooperative, Inc.
Name of Company

Schedule No.: 24

Title: LIFELINE PROGRAM

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SCHEDULE 24-A

3. STATE LIFELINE PROGRAM – TEXAS ONLY

The State Lifeline Program – Texas only (“State Lifeline”) is a retail local service offering designed to make telephone service available at reduced rates to qualifying low-income customers.

3.1 GENERAL

- 3.1.1 A qualifying low-income customer subscribing to State Lifeline shall receive state reductions to their monthly tariffed residential local exchange access line rate.
- 3.1.2 Nothing in this section shall prohibit a customer who is otherwise eligible for State Lifeline from obtaining and using telecommunications equipment and services designed to aid such customer in utilizing qualifying telecommunications service.
- 3.1.3 State Lifeline rate reductions apply only to basic network service and do not apply to non-basic services, regulated or non-regulated, such as long distance service or custom calling services. Customers may subscribe to these services, where available, at their discretion. If the customer subscribes to a bundled service, where available, the discount shall only apply to the basic network service portion of the bundled service.
- 3.1.4 State Lifeline rate reductions do not apply to service connection charges.
- 3.1.5 The Company may not disconnect the service of a State Lifeline customer for the non-payment of toll charges unless the Company has received a waiver from the Commission allowing disconnection of service for this reason.
- 3.1.6 Upon subscribing to State Lifeline, a customer will be offered a subscription, at no charge, to toll blocking service (in exchanges where technically available) which denies the customer access to the long distance telecommunications network; however, the customer is under no obligation to accept the subscription to toll blocking.
- 3.1.7 The Company will waive number portability charges, subject to the tariff, for the Lifeline customer.
- 3.1.8 State Lifeline rate reductions will not be available on a retroactive basis except as directed by LIDA or the Commission.

ARKANSAS PUBLIC SERVICE COMMISSION

Sch 24-A

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SCHEDULE 24-A

3.2 DESIGNATED LIFELINE PROGRAM SERVICES

The Company shall offer the voice telephony services defined to be qualified, or designated, Lifeline Program service pursuant to 16 TAC § 26.412(e).

3.3 STATE ELIGIBILITY REQUIREMENT

3.3.1 Qualifying Low-income (Eligible) Customer Criteria

State Lifeline rate reductions will be provided per eligible customer. The applicant must certify that their annual household income is at or below 150% of the annual federal poverty guidelines, be an eligible resident of Tribal lands, or participate in, or have a person or child who resides in the customer household who participates in, a program identified in 16 TAC § 26.412(d) regarding consumer qualifications for Lifeline.

3.3.2 Obligations of the Customer

1. A current customer of the Company may be automatically enrolled in State Lifeline by their participation in the qualifying programs or they may self-enroll by contacting the Texas Low-Income Discount Administrator (LIDA).
2. A customer who is eligible for State Lifeline, but does not have telephone service at the time of application, shall be responsible for initiating a request for service from the Company.

3.3.3. The LIDA reviews the customer application received and determines if the customer meets the eligibility criteria. The LIDA shall provide a list of eligible customers to the Company on a monthly basis.

3.3.4 State Lifeline customers will lose their State Lifeline eligibility once they cease to meet income criteria or cease to participate in one of the qualified programs. Customers will be notified by the LIDA for loss of eligibility and an opportunity given to prove eligibility. Reduced billing under State Lifeline will be terminated if eligibility ceases.

ARKANSAS PUBLIC SERVICE COMMISSION

Sch 24-A

Sheet No. 17

Southwest Arkansas Telephone Cooperative, Inc.
Name of Company

Schedule No.: 24

Title: LIFELINE PROGRAM

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SCHEDULE 24-A

3.4 DEPOSIT AND CREDIT REQUIREMENTS

3.4.1 The Company shall be prohibited from charging a service deposit in order to initiate State Lifeline if the eligible customer voluntarily elects to receive toll blocking.

3.4.2 The Company may charge a service deposit if:

1. The eligible customer denies subscription to toll blocking upon subscribing to State Lifeline.
2. The Company receives a Commission waiver from having to provide toll blocking due to technical limitations.

3.4.3 In instances where the Company may require a service deposit, the same credit verification procedures and deposit regulations used for all applicants who apply for service with the Company are also applicable to eligible customers of State Lifeline.

3.5 SERVICE CONNECTION AND CHARGES

3.5.1 Service connection charges do not apply to eligible customers with existing, qualifying service converting to State Lifeline.

3.5.2 Service connection charges do apply when:

1. Existing eligible customers requesting additional non-qualifying services at the time Lifeline Program reduced billing is initiated.
2. New customers (those without existing local exchange access service) eligible for State Lifeline and establishing qualifying service.
3. Any subsequent moves or changes after the initial connection to State Lifeline.

3.5.3 Applicable service connection charges for the Company are specified in Schedule No. 24 of this tariff.

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Sch 24-A

Sheet No. 18

Southwest Arkansas Telephone Cooperative, Inc.
Name of Company

Schedule No.: 24

Title: LIFELINE PROGRAM

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SCHEDULE 24-A

3.6 STATE LIFELINE PROGRAM RATE REDUCTION

3.6.1 Implementation

The Company shall provide reduced billing for all State Lifeline eligible customers within its service area after receipt of the list of eligible customers from the LIDA. In instances where the customer makes direct inquiries regarding participation in State Lifeline to the Company, the Company shall make every effort to assist the customer by explaining the necessary steps to become eligible to participate in State Lifeline and direct the customer to the LIDA for completion of the required forms for eligibility certification.

If the eligible customer's existing telephone service arrangements meet State Lifeline criteria, the Company shall provide reduced billing as indicated above.

3.6.2 Amounts

The Company shall apply State Lifeline rate reductions per eligible customers as described below, however, the combined discounts shall not result in a rate of less than zero charged for the customer's basic local service.

1. State Reduction. The Company shall give qualifying low-income consumers a state-approved reduction of up to a maximum of \$3.50 in the monthly amount of intrastate charges due.